



**COUNTY OF LOS ANGELES
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September 14, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – REVIEWS OF WORKFORCE
INVESTMENT ACT (WIA) SERVICE PROVIDERS - FISCAL YEAR 2009-
10 SUMMARY REPORT**

At the request of Community and Senior Services (CSS), we completed program, fiscal, and administrative contract compliance reviews of all 29 WIA Formula, American Recovery and Reinvestment Act (ARRA), and Dislocated Worker Governor's Economic Stimulus (Stimulus) service providers. The WIA Formula Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings. The WIA ARRA and Stimulus Programs supplement the WIA Formula Programs.

CSS paid the 29 contractors a total of approximately \$47 million on a cost-reimbursement basis for Fiscal Year (FY) 2009-10. Our reviews covered a sample of transactions for each service provider from FY 2009-10.

Review Summary

We identified \$1,142,544 in questioned costs billed to the WIA Programs. Specifically:

- Twenty-six (90%) of the 29 contractors did not maintain proper documentation to support a total of \$685,508 in expenditures.

- Thirteen (45%) contractors had a total of \$244,773 on their final close-out invoices that did not reconcile to their accounting records.
- Eight (28%) contractors billed CSS a total of \$80,410 in unallowable expenditures.
- Fifteen (52%) contractors billed a total of \$75,175 in payroll expenditures based on budget, and not actual expenditures, that were not supported by the employees' timecards.
- Thirteen (45%) contractors did not have adequate documentation to support some participants' eligibility, resulting in a total of \$28,292 in questioned costs.
- Two (7%) contractors billed CSS a total of \$28,386 for 100% of the customized training costs for 32 participants when the employers are required to pay at least 50% of the training costs.

In addition, we noted that some WIA service providers did not always comply with all WIA and County contract requirements. Specifically:

- Twenty-three (79%) of the 29 contractors did not properly maintain participants' case files as required; or accurately update participants' information and activities on the Job Training Automation (JTA) System, Individual Employment Plan (IEP), Individual Service Strategy (ISS), or Employment Development Department (EDD) CalJOBS System as required.
- Twenty-six (90%) contractors did not always maintain adequate internal controls, such as depositing cash advances from CSS in a separate, FDIC insured, interest-bearing bank account; requiring two signatures on all checks; submitting invoices to CSS by the tenth calendar day following the month of service, etc.
- Twelve (41%) contractors' fixed asset inventory listings were incomplete and inaccurate.
- Ten (34%) contractors did not have all required documents in their employees' personnel files.

The contractors have submitted documentation to resolve \$1,107,745 (97%), leaving a balance of \$34,799 (\$1,142,544 - \$1,107,745). The contractors have also implemented 81 (28%) of the 287 recommendations from our reports.

Attachments I and II summarize the findings for each service provider.

Review of Report

We discussed our reports with CSS and each WIA service provider. CSS management indicated they will resolve the remaining questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

Because of the number of service providers, we have not attached copies of the individual reports. However, copies of the reports are available for your review upon request. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JT:DC:EB:YP

Attachments

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Public Information Office
Audit Committee

Community and Senior Services
WIA Contract Reviews - Summary of Findings
FY 2009-10

Attachment I

#	Service Providers	No. of Recommendations	Findings										Total Questioned Costs
			A	B	C	D	E	F	G	H	I	J	
1	Antelope Valley Workforce Dev.	8		X		\$251,067	(1)	X				\$57,490	\$308,557
2	Arbor E&T East LA	11	(1)	X		\$5,699	(1)	X	X	(1)		\$4,630	\$10,329
3	Arbor E&T FE&B	9	(1)	X		\$5,989		X					\$5,989
4	Asian American Drug Abuse Program	6		X		(1)		X	X				\$0
5	Career Partner - W. San Gabriel Valley	11	(1)	X		\$1,663		X	X	(1)			\$1,663
6	Catholic Charities of Los Angeles	5				\$43,487	(1)	X				\$3,412	\$46,899
7	Chicana Service Action Center, Inc.	10		X		\$24,473		X	X	\$1,154			\$25,627
8	City of Compton-Careerlink	17	(1)	X		\$2,752		X	X	\$15,307	X	\$11,469	\$29,528
9	City of Palmdale	17		X		\$10,715		X	X	\$1,600	X		\$12,315
10	Comprehensive Community Services Formaly CIS	5		X		\$1,328				(1)			\$1,328
11	Community Career Development	13	(1)	X		\$20,883		X	X	\$20,358			\$41,241
12	Door of Hope	11		X		(1)		X		\$2,238		\$3,708	\$5,946
13	East San Gabriel Valley - LA Works	4				\$125	\$77,288	X			X		\$77,413
14	Goodwill Industries for Southern CA	5		X		\$1,704		X		(1)	X	\$2,917	\$4,621
15	Goodwill Industries - El Monte	22	\$12,953	X		\$58,649		X	X	\$1,912		\$11,531	\$85,045
16	Hub Cities WorkSource Center	16	\$6,484	X		\$176,374		X		\$1,035	X	\$123,741	\$307,634
17	Jewish Vocational Service West Hollywood	7		X				X				\$3,375	\$3,375
18	Jewish Vocational Service West LA	3				(1)		X					\$0
19	LAC CD / L.A. Mission College	5		X		\$10,572		X			X		\$10,572
20	Los Angeles County Office of Education	7	(1)	X		\$1,651	(1)	X					\$1,651
21	Los Angeles Urban League-Pomona	14	(1)	X		\$8,674	\$2,238	X	X	\$15,001	X		\$25,913
22	Los Angeles Urban League-South Central	18	\$8,855	X		\$13,916		X	X	\$16,570	X	\$3,605	\$42,946
23	Managed Care Solutions-West SGV	15		X	\$4,495	\$22,884	(1)	X	X				\$27,379
24	Managed Care Solutions-Northeast SGV	15		X	\$23,891	\$10,022	\$884	X		(1)			\$34,797
25	Maravilla Foundation	0											\$0
26	Mexican American Opportunity Foundation	9	(1)			\$3,097		X		(1)		\$1,105	\$4,202
27	SASSFA-Santa	9	(1)	X					X		X	\$2,800	\$2,800
28	Special Services for Groups	5				(1)		X					\$0
29	Watts Labor Community Action Center	10	(1)	X		\$9,784		X			X	\$14,990	\$24,774
287			\$ 28,292		\$ 28,386	\$685,508	\$ 80,410			\$ 75,175		\$ 244,773	\$1,142,544

Code Summary

- A** Did not maintain adequate documentation that participants were eligible to receive Program services.
- B** Did not accurately update participants' information and program activities on the Job Training Automation (JTA) System, and/or properly maintain the participants' case files as required.
- C** Incorrectly billed CSS 100% of the customized training costs when employer is required to pay minimum 50% of the training costs.
- D** Did not maintain proper documentation to support their Program expenditures.
- E** Billed CSS unallowable and unreasonable expenditures.
- F** Did not maintain adequate internal control and/or was not in compliance with WIA and County contract requirements.
- G** Inventory listings were incomplete and inaccurate.
- H** Billed payroll expenditures based on budget and not actual hours worked, and/or the employees' timecards did not support the payroll expenditures.
- I** Did not maintain required documents in employees' personnel files.
- J** Final Close-Out Invoices were not supported by the agency's accounting records.

Footnotes

- (1)** Questioned costs were immaterial.

Community and Senior Services
WIA Contract Reviews - Summary of Questioned Costs
FY 2009-10

Attachment II

#	Service Providers	Contract Amount	No. of Recommendations	No. of Implemented Recommendations	No. of Recommendations Outstanding	Total Questioned Costs Reported	Questioned Costs Collected or Resolved	Questioned Costs Outstanding
1	Antelope Valley Workforce Dev.	\$2,213,575	8	5	3	\$308,557	\$308,557	\$0
2	Arbor E&T East LA	\$1,808,875	11	2	9	\$10,329	\$10,329	\$0
3	Arbor E&T FE&B	\$672,166	9	4	5	\$5,989	\$5,989	\$0
4	Asian American Drug Abuse Program	\$36,601	6	3	3	\$0	\$0	\$0
5	Career Partner - W. San Gabriel Valley	\$2,649,253	11	6	5	\$1,663	\$1,663	\$0
6	Catholic Charities of Los Angeles	\$1,771,875	5	1	4	\$46,899	\$46,899	\$0
7	Chicana Service Action Center, Inc.	\$956,581	10	2	8	\$25,627	\$25,627	\$0
8	City of Compton-Careerlink	\$2,145,378	17	4	13	\$29,528	\$27,545	\$1,983
9	City of Palmdale	\$1,274,333	17	2	15	\$12,315	\$12,315	\$0
10	Comprehensive Community Services Formaly CIS	\$251,330	5	2	3	\$1,328	\$1,328	\$0
11	Community Career Development	\$614,682	13	6	7	\$41,241	\$41,241	\$0
12	Door of Hope	\$241,143	11	2	9	\$5,946	\$5,946	\$0
13	East San Gabriel Valley - LA Works	\$5,918,853	4	1	3	\$77,413	\$77,413	\$0
14	Goodwill Industries for Southern CA	\$424,921	5	3	2	\$4,621	\$4,621	\$0
15	Goodwill Industries - El Monte	\$4,096,352	22	5	17	\$85,045	\$85,045	\$0
16	Hub Cities WorkSource Center	\$5,985,623	16	2	14	\$307,634	\$307,634	\$0
17	Jewish Vocational Service West Hollywood	\$983,494	7	2	5	\$3,375	\$3,375	\$0
18	Jewish Vocational Service West LA	\$953,527	3	2	1	\$0	\$0	\$0
19	LACCD / L.A. Mission College	\$489,451	5	5	0	\$10,572	\$10,572	\$0
20	Los Angeles County Office of Education	\$1,276,347	7	3	4	\$1,651	\$1,651	\$0
21	Los Angeles Urban League-Pomona	\$2,095,283	14	2	12	\$25,913	\$25,913	\$0
22	Los Angeles Urban League-South Central	\$2,282,843	18	1	17	\$42,946	\$42,946	\$0
23	Managed Care Solutions-West SGV	\$1,549,946	15	3	12	\$27,379	\$27,379	\$0
24	Managed Care Solutions-Northeast SGV	\$654,363	15	2	13	\$34,797	\$1,981	\$32,816
25	Maravilla Foundation	\$350,867	0		0	\$0	\$0	\$0
26	Mexican American Opportunity Foundation	\$201,897	9	1	8	\$4,202	\$4,202	\$0
27	SASSFA-Santa	\$3,858,880	9	6	3	\$2,800	\$2,800	\$0
28	Special Services for Groups	\$790,429	5	1	4	\$0	\$0	\$0
29	Watts Labor Community Action Center	\$104,941	10	3	7	\$24,774	\$24,774	\$0
		\$ 46,653,809	287	81	206	\$1,142,544	\$1,107,745	\$34,799